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Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
PORTLAND DIVISION

PUBLIC EMPLOYEES' RETIREMENT
SYSTEM OF MISSISSIPPI, Individually,
and on Behalf of All Others Similarly
Situated,

Plaintiff,

v.

PORTLAND GENERAL ELECTRIC
COMPANY, MARIA POPE, and JAMES F.
LOBDELL,

Defendants.

Case No. 3:20-cv-01786

CLASS ACTION ALLEGATION
COMPLAINT

JURY TRIAL DEMANDED

Plaintiff the Public Employees' Retirement System of Mississippi ("Plaintiff"), individually and on behalf of a class of similarly situated persons and entities, by its undersigned attorneys, brings this Action pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. Plaintiff brings this class action on behalf of itself and all other persons or entities who purchased or otherwise acquired securities of the Portland General Electric Company ("PGE" or the "Company") during the period from February 13, 2020 to August 24, 2020, inclusive (the "Class Period") and were damaged thereby (the "Class"). Plaintiff's information and belief is based upon, among other things, the investigation conducted by and through its attorneys, which included a review of PGE's public documents, announcements, public filings, wire and press releases, and information readily available online. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth in this Complaint after a reasonable opportunity for discovery.

I. PRELIMINARY STATEMENT

1. This securities class action arises from the materially false and misleading statements and omissions by PGE, an electric utility which produces, acquires, and distributes electricity to over 900,000 customers throughout Oregon, about its proprietary trading activity in the wholesale energy markets. After the market closed on August 24, 2020, PGE sprung on its investors news that the Company was taking a \$128 million loss by its proprietary trading unit, which investors did not know even existed, based on wrong way bets in the energy trading market. Changes in the wholesale energy markets in the summer of 2020 exposed these "ill conceived" trades, forcing PGE to disclose its proprietary trading unit and report the loss.

2. In announcing the loss, PGE placed two unnamed employees on administrative leave and created a special committee to review the Company's energy trading practices and its

controls related to the trading, with the assistance of external advisors. PGE also lowered its earning guidance, down from \$2.20-\$2.50/share – which it had reaffirmed just weeks earlier on July 31, 2020 – to \$1.30-\$1.60/share.

3. The surprise announcement of a nine-figure loss arising from a business segment that investors did not know even existed other than to hedge and manage risk stunned the markets and decimated PGE's stock price, which fell by nearly 8% on unusually heavy volume as a result of the announcement. The stock's decline wiped out of over \$300 million in shareholder value.

4. Throughout the Class Period, Defendants made materially false and/or misleading statements and failed to disclose material adverse facts about PGE's business. Specifically, Defendants failed to disclose to investors that: (1) PGE had entered into substantial trades in the wholesale energy markets, with increasing volumes in 2020; (2) PGE lacked effective internal controls over its energy trading practices; (3) PGE downplayed the risks it faced in commodity price exposure; and (4) the Company's trading in the wholesale energy markets created significant negative exposure for PGE and was reasonably likely to incur significant losses. As a result of the foregoing, PGE's stock price dropped precipitously, its earnings guidance was slashed, and Defendants' positive statements about PGE's operations were materially misleading and/or lacked a reasonable basis.

II. JURISDICTION AND VENUE

5. The claims asserted in this Complaint arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)), and SEC Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

6. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

7. This Court has jurisdiction over each defendant named herein because each defendant has sufficient minimum contacts with this judicial district so as to render the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

8. Venue is proper in this Judicial District under 28 U.S.C. § 1391(b), Section 27 of the Exchange Act, 15 U.S.C. § 78aa(c). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading statements, occurred in substantial part in this District. Additionally, PGE's principal place of business is located in this District.

9. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of a national securities exchange.

III. PARTIES

A. Plaintiff

10. As set forth in the attached Certification, Plaintiff, the Public Employees' Retirement System of Mississippi, acquired shares of PGE common stock during the Class Period at prices that were artificially inflated as a result of Defendants' fraud.

B. Defendants

11. Defendant PGE is incorporated under the laws of Oregon with its principal executive offices located in Portland, Oregon. PGE's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "POR."

12. Defendant Maria Pope ("Pope") has served as PGE's President and Chief Executive Officer ("CEO") since 2018 and is a member of the Company's board of directors ("Board").

Before becoming President and CEO, she served as PGE's senior vice president of Power Supply, Operations and Resource Strategy. She joined PGE in 2009 as the Company's Chief Financial Officer ("CFO").

13. Defendant James F. Lobdell ("Lobdell") has served as PGE's CFO since 2013 and joined the Company in 1984.

14. Defendants Pope and Lobdell (collectively the "Individual Defendants"), because of their high-ranking positions, directly participated in the management of PGE's operations, were privy to confidential and proprietary information about the Company, and possessed the power and authority to control the contents of PGE's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, institutional investors, and other market participants.

15. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

IV. PLAINTIFF'S SUBSTANTIVE ALLEGATIONS

A. PGE's Materially Misleading Statements and Omissions

16. On February 13, 2020, PGE filed with the SEC its annual report on Form 10-K for the 2019 fiscal year (the "2019 10-K"). The 2019 10-K was signed by Defendant Lobdell. Attached to the 2019 10-K were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Pope and Lobdell attesting to the accuracy of the financial statements and the disclosure of all fraud.

17. The 2019 10-K disclosed in relevant part the following about its engagement in the wholesale electricity marketplace:

Wholesale Revenues

PGE participates in the wholesale electricity marketplace in order to balance its supply of power to meet the needs of its retail customers. Interconnected transmission systems in the western United States serve utilities with diverse load requirements and allow the Company to purchase and sell electricity, largely through bi-lateral agreements, within the region to serve retail demand, depending upon the relative price and availability of power, hydro and wind conditions, and daily and seasonal retail demand. PGE also participates in the California Independent System Operator's western Energy Imbalance Market (western EIM), which allows for load balancing with other western EIM participants in five-minute intervals. Wholesale revenues represented 8% of total revenues in 2019 and 2018, and 5% in 2017.

* * *

PGE utilizes its generating resources, as well as wholesale power purchases from third parties to meet the needs of its retail customers. The volume of electricity the Company generates is dependent upon, among other factors, the capacity and availability of its generating resources and the price and availability of wholesale power and natural gas. As part of its power supply operations, the Company enters into short- and long-term power and fuel purchase agreements. PGE executes economic dispatch decisions concerning its own generation and participates in the wholesale market in an effort to obtain reasonably-priced power for its retail customers, manage risk, and administer its long-term wholesale contracts. The Company also promotes energy efficiency measures to meet its energy requirements.

* * *

Wholesale revenues result from sales of electricity to utilities and power marketers made in the Company's efforts to secure reasonably priced power for its retail customers, manage risk, and administer its current long-term wholesale contracts. Such sales can vary significantly from year to year as a result of economic conditions, power and fuel prices, hydro and wind availability, and customer demand.

In 2019, an \$11 million, or 7%, increase in wholesale revenues over 2018 resulted from \$14 million related to a 9% increase in wholesale sales volume partially offset by \$3 million from a 1% decrease in average prices received when the Company sold power into the wholesale market.

* * *

PGE participates in the wholesale electricity marketplace in order to balance its supply of power to meet the needs of its retail customers. Interconnected

transmission systems in the western United States serve utilities with diverse load requirements and allow the Company to purchase and sell electricity within the region depending upon the relative price and availability of power, hydro, solar, and wind conditions, and daily and seasonal retail demand.

PGE's Wholesale revenues are primarily short-term electricity sales to utilities and power marketers that consist of single performance obligations that are satisfied as energy is transferred to the counterparty. The Company may choose to net certain purchase and sale transactions in which it would simultaneously receive and deliver physical power with the same counterparty; in such cases, only the net amount of those purchases or sales required to meet retail and wholesale obligations will be physically settled and recorded in Wholesale revenues.

18. With regards to PGE's non-retail energy trading activities and commodity price risk philosophy, the 2019 10-K disclosed the following:

Commodity Price Risk

PGE is exposed to commodity price risk as its primary business is to provide electricity to its retail customers. The Company engages in price risk management activities to manage exposure to volatility in net power costs for its retail customers. The Company uses power purchase contracts to supplement its own generation and to respond to fluctuations in the demand for electricity and variability in generating plant operations. The Company also enters into contracts for the purchase of fuel for the Company's natural gas- and coal-fired generating plants. These contracts for the purchase of power and fuel expose the Company to market risk. The Company uses instruments such as: i) forward contracts, which may involve physical delivery of an energy commodity; ii) financial swap and futures agreements, which may require payments to, or receipt of payments from, counterparties based on the differential between a fixed and variable price for the commodity; and iii) option contracts to mitigate risk that arises from market fluctuations of commodity prices. **PGE does not engage in trading activities for non-retail purposes.**

* * *

PGE utilizes derivative instruments to manage its exposure to commodity price risk and foreign exchange rate risk in order to manage volatility in NVPC for its retail customers. Such derivative instruments, recorded at fair value on the consolidated balance sheets, may include forward, futures, swap, and option contracts for electricity, natural gas, and foreign currency, with changes in fair value recorded in the consolidated statements of income. In accordance with ratemaking and cost recovery processes authorized by the OPUC, the Company recognizes a regulatory asset or liability to defer the gains and losses from derivative activity until settlement of the associated derivative instrument. PGE may designate certain

derivative instruments as cash flow hedges or may use derivative instruments as economic hedges. **The Company does not engage in trading activities for non-retail purposes.**

(Underlined emphasis added.)

19. The 2019 10-K further disclosed the following about PGE's controls and procedures:

(a) Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Exchange Act. **Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.**

(b) Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Management of the Company, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of the end of the period covered by this report pursuant to Rule 13a-15(c) under the Exchange Act. Management's assessment was based on the framework established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is effective.

The Company's internal control over financial reporting, as of December 31, 2019, has been audited by Deloitte & Touche LLP, the independent registered public accounting firm who audits the Company's consolidated financial statements, as

stated in their report included in Item 8.—“Financial Statements and Supplementary Data,” which **expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting, as of December 31, 2019.**

(c) Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the fourth quarter of 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Underlined emphasis added.)

20. On April 24, 2020, PGE filed its quarterly report on Form 10-Q with the SEC for the quarter ended March 31, 2020 (the “1Q20 Report”). Defendant Lobdell signed the 1Q20 Report. Additionally, Defendants Pope and Lobdell also signed SOX certifications, attesting to the accuracy of the financial statements and the disclosure of all fraud.

21. The 1Q20 Report stated the following, in pertinent part, regarding the Company’s wholesale activities and downplaying its risks with wholesale activities:

Wholesale Revenues

PGE participates in the wholesale electricity marketplace in order to balance its supply of power to meet the needs of its retail customers. Interconnected transmission systems in the western United States serve utilities with diverse load requirements and allow the Company to purchase and sell electricity within the region depending upon the relative price and availability of power; hydro, solar and wind condition; and daily and seasonal retail demand.

PGE’s Wholesale revenues are primarily short-term electricity sales to utilities and power marketers that consist of single performance obligations that are satisfied as energy is transferred to the counterparty. The Company may choose to net certain purchase and sale transactions in which it would simultaneously receive and deliver physical power with the same counterparty; in such cases, only the net amount of those purchases or sales required to meet retail and wholesale obligations will be physically settled and recorded in Wholesale revenues.

* * *

Price Risk Management

PGE participates in the wholesale marketplace to balance its supply of power, which consists of its own generation combined with wholesale market transactions, to meet the needs of its retail customers, manage risk, and administer its existing long-term wholesale contracts. Wholesale market transactions include purchases and sales of both power and fuel resulting from economic dispatch decisions for Company-owned generation resources. As a result of this ongoing business activity, PGE is exposed to commodity price risk and foreign currency exchange rate risk, from which changes in prices and/or rates may affect the Company's financial position, results of operations, or cash flows.

PGE utilizes derivative instruments to manage its exposure to commodity price risk and foreign exchange rate risk to reduce volatility in NVPC [net variable power costs] for its retail customers. Such derivative instruments, recorded at fair value on the condensed consolidated balance sheets, may include forward, futures, swaps, and option contracts for electricity, natural gas, and foreign currency, with changes in fair value recorded in the condensed consolidated statements of income and comprehensive income. In accordance with the ratemaking and cost recovery processes authorized by the OPUC [Public Utility Commission of Oregon], the Company recognizes a regulatory asset or liability to defer the gains and losses from derivative activity until settlement of the associated derivative instrument. PGE may designate certain derivative instruments as cash flow hedges or may use derivative instruments as economic hedges. **The Company does not engage in trading activities for non-retail purposes.**

* * *

PGE is a vertically-integrated electric utility engaged in the generation, transmission, distribution, and retail sale of electricity in the state of Oregon. In addition, the Company participates in wholesale markets by purchasing and selling electricity and natural gas in an effort to meet the needs of, and obtain reasonably-priced power for, its retail customers. The Company generates revenues and cash flows primarily from the sale and distribution of electricity to retail customers in its service territory.

* * *

In combination with electricity provided by its own generation portfolio, to meet its retail load requirements and balance its energy supply with customer demand, PGE purchases and sells electricity in the wholesale market. PGE participates in the California Independent System Operator's Energy Imbalance Market, which allows the Company to integrate more renewable energy into the grid by better matching the variable output of renewable resources. PGE also purchases natural gas in the United States and Canada to fuel its generation portfolio and sells excess gas back into the wholesale market.

The Company generates revenues and cash flows primarily from the sale and distribution of electricity to its retail customers. The impact of seasonal weather conditions on demand for electricity can cause the Company's revenues, cash flows, and income from operations to fluctuate from period to period. Historically, PGE has experienced its highest MWa deliveries and retail energy sales during the winter heating season, although peak deliveries have increased during the summer months, generally resulting from air conditioning demand. Retail customer price changes and customer usage patterns, which can be affected by the economy, also have an effect on revenues. Wholesale power availability and price, hydro and wind generation, and fuel costs for thermal and gas plants can also affect income from operations.

* * *

PGE utilizes a combination of its own generating resources and wholesale market transactions to meet the energy needs of its retail customers. The Company continuously makes economic dispatch decisions to obtain reasonably-priced power for its retail customers based on numerous factors, including plant availability, customer demand, river flows, wind conditions, and current wholesale prices. As a result, the amount of power generated and purchased in the wholesale market to meet the Company's retail load requirement can vary from period to period.

* * *

Wholesale revenues for the three months ended March 31, 2020 increased \$10 million, or 27%, from the three months ended March 31, 2019, as sales volumes increased 151%, the effect of which was partially offset by a 50% drop in the average wholesale sales price. The price decline was due to a relatively mild winter and strong wind generation during the first quarter of 2020.

Other operating revenues for the three months ended March 31, 2020 decreased \$15 million from the three months ended March 31, 2019 driven primarily by market conditions that provided less revenue from the sale of natural gas in excess of amounts needed for the Company's generation portfolio back into the wholesale market. Natural gas prices were considerably higher in the first quarter of 2019 as a result of a supply pipeline disruption in the region and the milder than average winter in North America in 2020, which resulted in an oversupply of natural gas and lower prices.

(Underlined emphasis added.)

22. The 1Q20 Report further disclosed the following about PGE's controls and procedures:

Disclosure Controls and Procedures

PGE's management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, **PGE's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2020, these disclosure controls and procedures were effective.**

Changes in Internal Control over Financial Reporting

There were no changes in PGE's internal control over financial reporting that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Underlined emphasis added.)

23. PGE also issued a press release on April 24, 2020, entitled "Portland General Electric announces first quarter 2020 results." PGE explained the impact of the COVID-19 pandemic on its downwardly adjusted earnings guidance, but made no mention of its proprietary wholesale energy trading activity that the Company would be forced to disclose four months later:

"Our financial performance this quarter largely reflects conditions experienced prior to the COVID-19 pandemic," said Maria Pope, PGE president and CEO. "PGE is committed to serving the needs of our customers and our community during this time. Given the deteriorating economic outlook, the company is revising full-year earnings guidance to \$2.20 to \$2.50 per diluted share. **This guidance includes a decrease in annual retail deliveries of 1 to 2%, weather adjusted, and reflects management actions to reduce operating and maintenance and capital spending. Our forecasts of long-term earnings growth remain at 4 to 6%.**"

* * *

Total revenues showed no change as increases in retail revenues and wholesale revenues were offset by a decrease in other operating revenues. Lower purchased power and fuel expense resulted from a lower power cost per MWh primarily due to strong wind production. In addition, lower operating expenses were driven by reduced plant maintenance expense, which was partially offset by increased distribution expense. Earnings were also impacted by a decline in the

market value of the non-qualified benefit trust and higher depreciation and amortization as the result of capital additions.

(Underlined emphasis added.)

24. On July 31, 2020, PGE filed its quarterly report on Form 10-Q with the SEC for the quarter ended June 30, 2020 (the “2Q20 Report”). Defendant Lobdell signed the 2Q20 Report. Additionally, Defendants Pope and Lobdell also signed SOX certifications, attesting to the accuracy of the financial statements and the disclosure of all fraud.

25. The 2Q20 Report stated the following, in pertinent part, regarding the Company’s wholesale activities and downplaying its risks with wholesale activities:

Wholesale Revenues

PGE participates in the wholesale electricity marketplace in order to balance its supply of power to meet the needs of its retail customers. Interconnected transmission systems in the western United States serve utilities with diverse load requirements and allow the Company to purchase and sell electricity within the region depending upon the relative price and availability of power; hydro, solar and wind conditions; and daily and seasonal retail demand.

PGE’s Wholesale revenues are primarily short-term electricity sales to utilities and power marketers that consist of single performance obligations that are satisfied as energy is transferred to the counterparty. The Company may choose to net certain purchase and sale transactions in which it would simultaneously receive and deliver physical power with the same counterparty; in such cases, only the net amount of those purchases or sales required to meet retail and wholesale obligations will be physically settled and recorded in Wholesale revenues.

* * *

Price Risk Management

PGE participates in the wholesale marketplace to balance its supply of power, which consists of its own generation combined with wholesale market transactions, to meet the needs of its retail customers, manage risk, and administer its existing long-term wholesale contracts. Wholesale market transactions include purchases and sales of both power and fuel resulting from economic dispatch decisions for Company-owned generation resources. As a result of this ongoing business activity, PGE is exposed to commodity price risk and foreign currency exchange rate risk,

from which changes in prices and/or rates may affect the Company's financial position, results of operations, or cash flows.

PGE utilizes derivative instruments to manage its exposure to commodity price risk and foreign exchange rate risk to reduce volatility in NVPC for its retail customers. Such derivative instruments, recorded at fair value on the condensed consolidated balance sheets, may include forwards, futures, swaps, and options contracts for electricity, natural gas, and foreign currency, with changes in fair value recorded in the condensed consolidated statements of income and comprehensive income. In accordance with the ratemaking and cost recovery processes authorized by the OPUC, the Company recognizes a regulatory asset or liability to defer the gains and losses from derivative activity until settlement of the associated derivative instrument. PGE may designate certain derivative instruments as cash flow hedges or may use derivative instruments as economic hedges. **The Company does not engage in trading activities for non-retail purposes.**

* * *

PGE is a vertically-integrated electric utility engaged in the generation, transmission, distribution, and retail sale of electricity in the state of Oregon. **In addition, the Company participates in wholesale markets by purchasing and selling electricity and natural gas in an effort to meet the needs of, and obtain reasonably-priced power for, its retail customers. The Company generates revenues and cash flows primarily from the sale and distribution of electricity to retail customers in its service territory.**

* * *

In combination with electricity provided by its own generation portfolio, to meet its retail load requirements and balance its energy supply with customer demand, PGE purchases and sells electricity in the wholesale market. PGE participates in the California Independent System Operator's Energy Imbalance Market, which allows the Company to integrate more renewable energy into the grid by better matching the variable output of renewable resources. PGE also purchases natural gas in the United States and Canada to fuel its generation portfolio and sells excess gas back into the wholesale market.

The Company generates revenues and cash flows primarily from the sale and distribution of electricity to its retail customers. The impact of seasonal weather conditions on demand for electricity can cause the Company's revenues, cash flows, and income from operations to fluctuate from period to period. Historically, PGE has experienced its highest MWa deliveries and retail energy sales during the winter heating season, although peak deliveries have increased during the summer months, generally resulting from air conditioning demand. Retail customer price changes and customer usage patterns, which can be affected by the economy, also have an effect on revenues. Wholesale power availability and price, hydro and wind

generation, and fuel costs for thermal and gas plants can also affect income from operations.

* * *

PGE utilizes a combination of its own generating resources and wholesale market transactions to meet the energy needs of its retail customers. The Company continuously makes economic dispatch decisions to obtain reasonably-priced power for its retail customers based on numerous factors, including plant availability, customer demand, river flows, wind conditions, and current wholesale prices. As a result, the amount of power generated and purchased in the wholesale market to meet the Company's retail load requirement can vary from period to period.

* * *

Wholesale revenues for the three months ended June 30, 2020 increased \$11 million, or 69%, from the three months ended June 30, 2019, as a result of a \$10 million increase related to 64% greater wholesale sales volume and a \$1 million increase as a result of 4% higher average wholesale sales prices.

Wholesale revenues for the six months ended June 30, 2020 increased \$21 million, or 40%, from the six months ended June 30, 2019, as sales volumes more than doubled, the effect of which was partially offset by a 32% reduction in the average wholesale sales price. The price decline was due to the relatively high wholesale prices experienced during early 2019 as a result of natural gas availability constraints combined with weaker than average regional hydro production. More normal conditions have returned during 2020 along with a relatively mild winter and strong wind generation during the first quarter..

Other operating revenues for the three months ended June 30, 2020 decreased \$4 million from the three months ended June 30, 2019, the majority of which was the result of the sales of excess natural gas that occurred during 2019 that was not repeated in 2020.

Other operating revenue for the six months ended June 30, 2020 decreased \$19 million from the six months ended June 30, 2019 driven primarily by market conditions that provided less revenue from the sale of natural gas, in excess of amounts needed for the Company's generation portfolio, back into the wholesale market. Natural gas prices were considerably higher in the first quarter of 2019 as a result of a supply pipeline disruption in the region and the milder than average winter in North America in 2020, which resulted in an oversupply of natural gas and lower prices.

(Underlined emphasis added.)

26. The 2Q20 Report further disclosed the following about PGE's controls and procedures:

Disclosure Controls and Procedures

PGE's management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. **Based on that evaluation, PGE's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2020, these disclosure controls and procedures were effective.**

Changes in Internal Control over Financial Reporting

There were no changes in PGE's internal control over financial reporting that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Underlined emphasis added.)

27. PGE also issued a press release on July 31, 2020, entitled "Portland General Electric announces second quarter 2020 results." PGE reaffirmed its previously given earnings guidance and once again failed to make any disclosures about its substantial trading activity in the wholesale energy markets, even though it would do so less than a month later:

"We achieved solid second quarter financial results, driven by a combination of favorable hydro and wind conditions and lower operating expenses," said Maria Pope, PGE president and CEO. "As an essential service provider, we will continue working to keep costs low to support economic recovery and the communities we serve in this unprecedented time."

* * *

Total revenues increased as a result of higher residential, industrial and wholesale demand, which was partially offset by lower commercial demand. Power costs increased due to higher overall system deliveries, which more than offset a decline in the average cost per MWh due to lower gas prices and surplus hydro in the region. Operating expense declined due to continuous efforts to reduce the company's overall cost structure as well as lower plant maintenance expense.

Tax expense was favorable due to higher Production Tax Credit generation at PGE's wind facilities.

(Underlined emphasis added.)

28. The statements referenced in ¶¶ 17-27 above were materially false and/or misleading because they misrepresented and failed to disclose adverse facts pertaining to the Company's business, operational and financial results, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants failed to disclose to investors that: (1) PGE had entered into substantial trades in the wholesale energy markets, with increasing volume in 2020, that represented directional bets on energy pricing and had no risk management purpose; (2) PGE lacked effective internal controls over its energy trading practices; (3) PGE downplayed the risks its faced in commodity price exposure; and (4) the Company's trading in the wholesale energy markets created significant negative exposure for PGE and was reasonably likely to incur significant losses. As a result of the foregoing, PGE's stock price would drop precipitously, PGE would need to significantly cut its per-share earnings guidance, and Defendants' positive statements about PGE's operations were materially misleading and/or lacked a reasonable basis.

B. The Truth Is Revealed

29. After the market closed on August 24, 2020, PGE disclosed the losses suffered by the Company's substantial trading activity in the wholesale energy markets in a press release entitled "Portland General Electric Provides Business Update," which stated in relevant part:

[PGE] provided a business update in connection with **energy trading activity in certain wholesale electricity markets that has resulted in realized and unrealized losses of \$127 million** as of August 24, 2020

Background and Formation of Special Committee

PGE personnel entered into a number of energy trades during 2020, with increasing volume accumulating late in the second quarter and into the third quarter, resulting in significant exposure to the Company.

In August 2020, this portion of PGE’s energy portfolio experienced significant losses as wholesale electricity prices increased substantially at various market hubs due to extreme weather conditions, constraints to regional transmission facilities, and changes in power supply in the West. During this time period, the California Independent System Operator (CAISO) declared a Stage 3 Electrical Emergency and ordered the first rolling blackouts in the state of California since 2001.

As a result of the convergence of these conditions, the Company’s energy portfolio, as of August 24, 2020, has experienced realized losses of \$104 million and unrealized, mark-to-market losses of \$23 million. **Total third quarter losses in the portfolio are estimated to be up to \$155 million subject to market conditions – although the ultimate amount of losses could exceed that amount.**

The increase in net variable power costs due to this trading activity will be recognized in PGE’s results of operations. There will be no impact to customer prices, as the Company will not pursue regulatory recovery. The Company noted that the loss does not impact PGE’s ability to serve customers.

Promptly upon learning of the issue, the PGE Board of Directors formed a Special Committee comprising five independent Board members (John Ballantine, Jack Davis (Chair), Kathryn Jackson, Neil Nelson and Charles Shivery) to review the energy trading that led to the losses and the Company’s procedures and controls related to the trading, and to make recommendations to the Board for appropriate action. The Special Committee has retained Simpson Thacher & Bartlett LLP as its independent legal advisor, which expects to engage additional advisors on behalf of the Special Committee during the course of this review.

Skadden, Arps, Slate, Meagher & Flom LLP is serving as the Company’s legal advisor, and J.P. Morgan Securities LLC is serving as its financial advisor. PGE has engaged and is actively working with an external consultant to perform a full operational review of the Company’s energy supply risk management policies, procedures and personnel. **In addition, PGE has placed two individuals on administrative leave,** pending review, and enhanced oversight including implementing immediate supervisory and reporting changes in advance of the conclusion of a broader evaluation

(Underlined emphasis added.) PGE also downwardly revised its full-year 2020 earnings guidance from \$2.20 to \$2.50 per diluted share to \$1.30 to \$1.60 per diluted share.

30. In an email to employees on August 24, 2020, Pope conceded that the trades “result[ed] in significant exposure to the company” and were “ill conceived.”

31. PGE's stock price fell by nearly 8% on unusually heavy volume as a direct result of the announcement. The stock's decline of \$3.51 per share wiped out of over \$300 million in shareholder value.

32. On September 2, 2020, PGE issued a press release confirming that total third quarter 2020 losses arising from the wholesale energy trades was \$128 million.

33. As a result of Defendants' wrongful acts and false statements and omissions, Plaintiff and other Class members have suffered significant losses and damages for purchasing PGE stock at inflated prices.

V. CLASS ACTION ALLEGATIONS

34. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of the Class, consisting of all persons other than Defendants who acquired PGE securities publicly traded on the NYSE during the Class Period, and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of PGE and its subsidiaries, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

35. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, PGE common shares were actively traded on the NYSE. As of February 4, 2020, there were 89,391,379 shares of common stock outstanding. Although the exact number of Class members is unknown to Plaintiff at this time, Plaintiff believes that there are at least thousands of members of the proposed Class. Members of the Class can be identified from records maintained by PGE or its transfer agent(s), and may be notified of the

pendency of this action by publication using a form of notice similar to that customarily used in securities class actions.

36. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class were similarly damaged by Defendants' misconduct as complained of herein.

37. Plaintiff will fairly and adequately protect Class members' interests and have retained competent counsel experienced in class actions and securities litigation.

38. Common questions of law and fact exist to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of fact and law common to the Class are:

- (a) whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) whether statements made by Defendants to the investing public prior to and during the Class Period misrepresented material facts about PGE;
- (c) whether the Individual Defendants are personally liable for the alleged misrepresentations and omissions described herein;
- (d) whether Defendants acted with scienter; and
- (e) to what extent the members of the Class have suffered damages, as well as the proper measure of damages.

39. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class actions and securities litigation. Plaintiff has no interest that conflicts with the interests of the Class.

40. A class action is superior to all other available methods for the fair and efficient adjudication of this action. Joinder of all Class members is impracticable. Additionally, the damages suffered by some individual Class members may be small relative to the burden and expense of individual litigation, making it practically impossible for such members to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

41. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that based on, among other factors:

- (a) PGE's stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient market;
- (b) The misstatements identified above appear in PGE's public filings with the SEC;
- (c) PGE regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- (d) PGE was followed by numerous securities analysts employed by major brokerage firms who wrote reports that were distributed to those brokerage firms' sales forces and certain customers. Each of these reports was publicly available and entered the public marketplace.

42. As a result of the foregoing, the market for PGE stock promptly digested current information regarding PGE from all publicly available sources and reflected such information in

PGE's stock price. Under these circumstances, purchasers of PGE common stock during the Class Period suffered similar injury through their transactions and a presumption of reliance applies.

43. In addition or in the alternative, Plaintiff is entitled to a presumption of reliance under *Affiliated Ute Citizens of Utah v. U.S.*, 406 U.S. 128 (1972), because the claims asserted herein are predicated in part upon material omissions of fact that Defendants had a duty to disclose.

VI. INAPPLICABILITY OF THE STATUTORY SAFE HARBOR

44. The statutory safe harbor applicable to forward-looking statements under certain circumstances does not apply to any of the false or misleading statements pleaded in this Complaint. The statements complained of herein were historical statements or statements of current facts and conditions at the time the statements were made. Further, to the extent that any of the false or misleading statements alleged herein can be construed as forward-looking, the statements were not accompanied by any meaningful cautionary language identifying important facts that could cause actual results to differ materially from those in the statements.

45. Alternatively, to the extent the statutory safe harbor otherwise would apply to any forward-looking statements pleaded herein, Defendants are liable for those false and misleading forward-looking statements because at the time each of those statements was made, the speakers knew the statement was false or misleading, or the statement was authorized or approved by an executive officer of PGE who knew that the statement was materially false or misleading when made.

VII. CLAIMS FOR RELIEF

COUNT I

FOR VIOLATIONS OF SECTION 10(B) OF THE EXCHANGE ACT AND SEC RULE 10B-5 PROMULGATED THEREUNDER (AGAINST PGE AND THE EXECUTIVE DEFENDANTS)

46. Plaintiff repeats and re-alleges each and every allegation set forth above as if fully set forth herein.

47. This Count is asserted on behalf of all members of the Class against Defendants for violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

48. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) employed devices, schemes, and artifices to defraud;

(b) disseminated or approved the false statements described in this Complaint, among others, which PGE and the Individual Defendants knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others Class members in connection with their purchases of PGE securities during the Class Period.

All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons, as alleged below.

49. As described above, PGE and the Individual Defendants acted with scienter throughout the Class Period, in that they either had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose the true facts, even though such facts were available to them.

50. The Individual Defendants, by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of PGE's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme.

51. As a result of the foregoing, the market price of PGE securities was artificially inflated during the Class Period.

52. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and are liable to Plaintiff and the Class. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of PGE securities during the Class Period. In direct reliance on the integrity of the market, Plaintiff and the Class paid artificially inflated prices for PGE common stock, which artificial inflation was removed from the stock when the true facts became known. Plaintiff and the Class would not have transacted in PGE common stock at the prices paid, or at all, if they had been aware that the market price of PGE common stock had been artificially inflated by Defendants' false and misleading statements.

COUNT II

**FOR VIOLATIONS OF SECTION 20(a) OF THE EXCHANGE ACT
(AGAINST THE INDIVIDUAL DEFENDANTS)**

53. Plaintiff repeats and re-alleges each and every allegation set forth above as if fully set forth herein.

54. This Count is asserted on behalf of all members of the Class against the Individual Defendants for violations of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

55. As officers of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to PGE's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

56. As alleged in detail above, throughout the Class Period, the Individual Defendants, by virtue of their high-level positions, had the power to influence and control, and did influence and control, the decision-making of the Company, including the content and dissemination of the materially false and misleading statements and omissions described in this Complaint. By virtue of their high-level positions, Defendants also participated in the operation and management of the Company and knew the adverse non-public information about the Company's false financial statements. The Individual Defendants were therefore "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act and are liable for the violations committed by the Company. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of PGE securities.

57. As a direct and proximate result of the Individual Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure, designating Plaintiff as Lead Plaintiff, and certifying Plaintiff as a class representative under Rule 23 and Plaintiff's Counsel as Lead Counsel;
- b) Awarding compensatory damages and equitable relief in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- c) Awarding Plaintiff and the Class members damages, including interest;
- d) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- e) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMAND

Plaintiff hereby demands a trial by jury.

DATED this 16th day of October, 2020.

**STOLL STOLL BERNE LOKTING & SHLACHTER
P.C.**

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Attorneys for Plaintiff

**CERTIFICATION ON BEHALF OF
THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI**

The undersigned, Ta'Shia S. Gordon, authorized signatory of the Public Employees' Retirement System of Mississippi ("Mississippi PERS"), certifies pursuant to 28 U.S.C. § 1746 and 15 U.S.C. § 78u-4 as follows:

1. I have reviewed the securities class action complaint against Portland General Electric Company ("PGE") in *The Public Employees' Retirement System of Mississippi v. Portland General Electric Company*, No. 20-cv-XXXXX (D. Or.) (the "Complaint"). I have authorized the filing of the Complaint as well as the filing of Mississippi PERS' motion for appointment as lead plaintiff and approval of their selection of counsel.

2. Attached as **Schedule A** to this certification is a list of Mississippi PERS' transactions during the Class Period (as defined in the Complaint) in the securities that are the subject of this action.

3. Mississippi PERS did not purchase or acquire the securities that are the subject of this action at the direction of counsel or in order to participate in any private action.

4. Mississippi PERS is willing and able to serve as a representative party on behalf of the proposed class, including providing testimony at deposition and trial, if necessary.

5. During the three-year period preceding the date of this certification, Mississippi PERS has sought to serve as a representative party on behalf of a class asserting claims under the federal securities laws of the United States in the following actions:

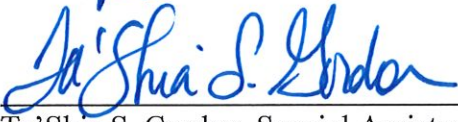
- Wells Fargo & Co. (No. 20-cv-4494, S.D.N.Y.) (appointed co-lead plaintiff)
- Mylan N.V. (No. 20-cv-955, W.D. Pa.) (appointed lead plaintiff)
- JELD-WEN Holdings, Inc. (No. 20-cv-112, E.D. Va.) (appointed lead plaintiff)
- Mohawk Industries, Inc. (No. 20-cv-5, N.D. Ga.) (appointed lead plaintiff)

- The Boeing Company (No. 19-cv-2394, N.D. Ill.) (appointed lead plaintiff)
- McDermott International, Inc. (No. 18-cv-4330, N.D. Tex.) (appointed lead plaintiff)
- Nielsen Holdings plc (No. 18-cv-7143, S.D.N.Y.) (appointed lead plaintiff)
- Facebook, Inc. (No. 18-cv-1725, N.D. Cal.) (appointed co-lead plaintiff)
- WageWorks, Inc. (No. 18-cv-1523, N.D. Cal.) (appointed lead plaintiff)
- Advance Auto Parts, Inc. (No. 18-cv-212, D. Del.) (appointed lead plaintiff)
- Acuity Brands, Inc. (No. 18-cv-285, D. Del.) (appointed lead plaintiff)
- International Flavors & Fragrances Inc. (No. 19-7536, S.D.N.Y.) (moved for lead plaintiff, not appointed)
- Mednax, Inc. (No. 18-cv-61572, S.D. Fla.) (moved for lead plaintiff, not appointed)
- Sprouts Farmers Market, Inc. (No. 18-cv-695, D. Az.) (filed complaint on March 2, 2018 and voluntarily dismissed on March 20, 2018)

6. Mississippi PERS will not accept any payment for serving as a representative party on behalf of the proposed class beyond their *pro rata* share of any recovery, except as ordered or approved by the court.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed this 16th day of October, 2020.

By: 
Ta'Shia S. Gordon, Special Assistant Attorney General
Authorized Signatory of the Public Employees'
Retirement System of Mississippi

Portland General Electric Company -- Schedule A **Public Employees' Retirement System of Mississippi**

Cusip: 736508847

Ticker: POR

Class Period: February 13, 2020 through August 24, 2020

Beginning Holdings: 0 shares

Purchases		
Trade Date	Quantity	Price
03/10/20	13,400	\$54.34
03/11/20	800	\$54.66
03/11/20	23,006	\$54.64
03/13/20	1,109	\$47.64
03/13/20	13,300	\$47.83
03/18/20	6,897	\$48.12
03/25/20	3,200	\$44.79
03/25/20	2,200	\$43.66
03/25/20	500	\$43.98
03/26/20	77	\$43.89
03/26/20	1,095	\$46.72
04/01/20	5,300	\$46.58
04/01/20	1,100	\$47.17
04/02/20	8,556	\$48.13
04/03/20	1,300	\$46.31
04/03/20	805	\$46.13
04/06/20	7,200	\$50.15
04/07/20	4,500	\$49.05
04/07/20	16,400	\$49.82
04/08/20	9,600	\$50.38
04/09/20	14,700	\$52.64
04/13/20	1,879	\$50.68
04/13/20	3,000	\$50.38
04/16/20	695	\$48.73
04/16/20	2,500	\$48.70
04/24/20	500	\$45.24
04/24/20	7,309	\$46.08
04/27/20	5,900	\$46.12
04/27/20	500	\$46.36
04/27/20	500	\$46.31
04/28/20	99	\$47.53
05/12/20	13,021	\$43.61
06/02/20	11,161	\$47.44
06/11/20	2,281	\$44.65
06/11/20	2,500	\$44.65
07/23/20	1,770	\$44.18
07/24/20	9,574	\$44.10
08/11/20	6,000	\$42.84
08/11/20	120	\$42.87

Sales		
Trade Date	Quantity	Price
07/01/20	2,930	\$42.53
07/01/20	1,689	\$42.53
07/10/20	474	\$41.96

Post Disclosure Sales*		
Trade Date	Quantity	Price
09/10/20	3,400	\$37.71
09/10/20	26,000	\$37.71
09/10/20	2,100	\$37.71

* For purposes of calculating losses in connection with Mississippi PERS's lead plaintiff motion, the higher of actual sale price or the average closing price from 8/25/20 to 9/10/20 (\$37.71) was used.